

FY 2005-06 BUDGET

BUDGET SECTION SUMMARY

Section Title:

SANITATION ZONE - AIRPORT / LARKFIELD / WIKIUP

A. Program Description

This budget finances the operation, maintenance, and administration of a collection system, trunk line, and treatment plant serving the Airport/Larkfield/Wikiup area.

B. Financial Summary

Section				NET COST/USE OF FUND BALANCE		
	FY 04-05 Adopted	FY 05-06 Requested	Percent Change	FY 04-05 Adopted	FY 05-06 Requested	Percent Change
Operations	\$2,312,972	\$2,471,728	6.86%	\$1,065,507	\$1,173,649	10.15%
Bonds	332,259	327,739	(1.36%)	(237,087)	(146,657)	(38.14%)
Construction	284,641	64,500	(77.34%)	272,141	60,750	(77.68%)
TOTAL:	\$2,929,872	\$2,863,967	(2.25%)	\$1,100,561	\$1,087,742	(1.16%)

C. Staffing Summary

No staffing is allocated to this index.

D. Workload Summary

Workload Indicator	FY 03-04 Actual	FY 04-05 Budget Estimate	FY 04-05 Revised Estimate	FY 05-06 Projected	Change from FY 04-05 Budget Estimate
Total ESDs	3,401	3,306	3,473	3,252	(1.63%)
Total APNs	2,564	2,633	2,633	2,634	0.04%

E. Summary of Issues and Significant Changes

The Airport SZ's treatment plant was originally designed as a zero discharge plant with the ability to treat an average daily dry weather flow of up to 0.3 million gallons per day (mgd) to secondary wastewater treatment standards. The original design allowed for future expansion of the treatment plant, in 0.3 mgd increments, to eventually increase the treatment capacity to 1.2 mgd. An expansion project in 1989 increased the treatment and disposal capacity to 0.6 mgd. A second expansion project, completed in 1997, increased the treatment capacity, to 0.9 mgd and upgraded the wastewater treatment to tertiary standards. The current permitted capacity of the Airport SZ facilities is 0.9 mgd.

The requested rate per ESD for FY 05-06 annual service charges is \$415, representing a 5.9% increase from FY 04-05. The Airport SZ currently collects sufficient funds to operate and maintain its collection system. In addition to funds needed for the ongoing operations and maintenance expenses, the need for accruing funds necessary for the replacement of aging infrastructure is also gaining importance both locally and nationally. At the Airport SZ, the level of funds collected allows this sanitation zone to accrue some funds for future infrastructure replacement projects. Over time it will be necessary to increase the level of capital replacement funding to ensure the long-term reliability of this system.

F. Summary of Reduction Options

No reduction options are proposed.

G. Attachments

- Summary of Revenues and Expenditures
- Character Justification
- Statement of Special Fund Activity

FY 2005-06 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: **SANI ZONE - AIRPORT / LARKFIELD / WIKIUP - OPERATIONS**
 Section/Index No: **682104**

Sub-Object No. and Title	Adopted 2004-05	Requested 2005-06	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
1001 Flat Charges - CY	\$1,129,760	\$1,167,179	\$37,419	3.31%
1061 Flat Charges - PY	11,000	11,000	0	0.00%
1120 Penalties / Costs on Taxes	2,000	2,000	0	0.00%
Subtotal Taxes	\$1,142,760	\$1,180,179	\$37,419	3.27%
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$10,625	\$10,000	(\$625)	(5.88%)
Subtotal Use of Money	\$10,625	\$10,000	(\$625)	(5.88%)
<u>CHARGES FOR SERVICES</u>				
3400 Sanitation Services	\$94,080	\$107,900	\$13,820	14.69%
3403 Ind Users Monitoring/Discharge	0	0	0	N/A
Subtotal Charges for Services	\$94,080	\$107,900	\$13,820	14.69%
TOTAL REVENUES	\$1,247,465	\$1,298,079	\$50,614	4.06%

EXPENDITURES:

SERVICES AND SUPPLIES

6040 Communications	\$1,000	\$7,220	\$6,220	622.00%
6180 Maintenance - Bldgs/Impr	87,830	90,000	2,170	2.47%
6262 Lab Supplies	2,000	2,000	0	0.00%
6522 District Services	660,000	660,000	0	0.00%
6570 Consultant Services	5,000	15,000	10,000	200.00%
6573 Administration Costs	9,000	10,200	1,200	13.33%
6610 Legal Services	10,000	10,000	0	0.00%
6630 Audit / Accounting Services	6,000	6,000	0	0.00%
7212 Chemicals	20,000	30,000	10,000	50.00%
7217 State Permits / Fees	10,000	20,000	10,000	100.00%
7247 Water Conservation Program	2,500	1,000	(1,500)	(60.00%)
7250 Reimbursable Projects	0	0	0	N/A
7320 Utilities	220,000	250,000	30,000	13.64%
Subtotal Services and Supplies	\$1,033,330	\$1,101,420	\$68,090	6.59%

Sub-Object No. and Title	Adopted 2004-05	Requested 2005-06	Difference	Percent Change
<u>OTHER CHARGES</u>				
7980 Depreciation	\$875,000	\$875,000	\$0	0.00%
<i>Subtotal Other Charges</i>	\$875,000	\$875,000	\$0	0.00%
<u>FIXED ASSETS</u>				
8510 Buildings / Improvements	\$55,000	\$0	(\$55,000)	(100.00%)
<i>Subtotal Fixed Assets</i>	\$55,000	\$0	(\$55,000)	(100.00%)
<u>OTHER FINANCING USES</u>				
8625 OT - W/in Special Dist - BOS	\$334,642	\$474,308	\$139,666	41.74%
<i>Subtotal Other Financing Uses</i>	\$334,642	\$474,308	\$139,666	41.74%
<u>APPROPRIATIONS FOR CONT</u>				
9000 Appropriations for Contingencies	\$15,000	\$17,000	\$2,000	13.33%
<i>Subtotal Appropriations for Contin.</i>	\$15,000	\$17,000	\$2,000	13.33%
TOTAL EXPENDITURES	\$2,312,972	\$2,467,728	\$154,756	6.69%
TOTAL NET COST				
<i>(Expenditures Minus Revenues)</i>				
	\$1,065,507	\$1,169,649	\$104,142	9.77%

FY 2005-06 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sanitation Zone - Airport/Larkfield/Wikiup - Operations

Character Title: Taxes

Character No.: 682104-10

1001 Flat Charges - CY

Flat charge revenue from annual service charges is expected to increase from the adopted FY 04-05 budget. The rate will increase approximately 5.9%, from \$392 to \$415.

ESDs times annual rate:	2,992 x \$415	\$1,241,680
Less Estimated Delinquency Factor:	6%	(74,501)
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		\$1,167,179

(See SubObject 3400 for Total ESDs)

1061 Flat Charges - PY

This account records the estimated delinquent amount of prior years sewer service charges.

1120 Penalties / Costs on Taxes

This item records penalties paid on delinquent sewer service charges.

Character Title: Use of Money

Character No.: 682104-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the Zone by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$400,000
Projected Interest Rate	<hr/> 2.50%
Projected/Planned Interest on Pooled Cash	\$10,000

Character Title: Charges for Services

Character No.: 682104-30

3400 Sanitation Services

This account records annual sewer service charges for entities that are invoiced, rather than collected as flat charges on the tax roll, and for new hook-ups as they occur during the year. The Sanitation Rate Ordinance requires that charges be collected at the time permits are issued. The properties are then added to the tax roll master listing and collected through sub-object 1001, Flat Charges, in the following year.

Based on projected FY 05-06 ESDs, the Zone will experience an increase in revenue from invoiced entities. The budgeted revenue reflects an increase in the annual sewer service charge from \$392 to \$415.

ESDs x Annual Charge	260 x \$415	=	\$107,900
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3403 Ind Users Monitoring/Discharge

This account records revenue associated with the Industrial Users Monitoring program or revenue received from any industrial user for events such as an unauthorized (or specially authorized) discharge into the treatment plant. There is no planned revenue for FY 05-06.

6040 Communications

This account records expenses paid by the Zone for outside communication and wireless services. The increase in this account is due to a monthly data line expense for the facility/process cameras to monitor the south end of the control building, the aeration ponds, the back and front gate, and the WOD buildings.

6180 Maintenance - Bldgs / Imp

This account records the cost of parts and materials required to maintain the collection system and treatment facilities.

6262 Laboratory Supplies

This account records the cost of lab supplies required for testing and monitoring wastewater.

6522 District Services

This account records the cost of labor and overhead required for operation and maintenance of the Zone's facilities and equipment, as well as other related service and supply items.

6570 Consultant Services

This account records the cost of consultant services required in support of special projects. An increase in appropriations will be needed for FY 05-06.

6573 Administration Costs

This account represents the 1% administration fee assessed by the County for processing collection of flat charges on the tax roll.

6610 Legal Services

This item is requested to provide funds for the estimated cost of legal services to be provided by County Counsel, or outside legal services, as required.

6630 Audit / Accounting Services

This item represents the direct allocation of Auditor-Controller Fiscal Services staff costs for time expected to be spent on the Zone's accounting.

Character Title: **Services and Supplies (continued)**

Character No.: **682104-60**

7212 Chemicals

This account records the cost of chemicals required for operation of the treatment plant. The requested amount is considered necessary to meet the requirements of the Zone's operating permit (waste discharge requirements), as required by the North Coast Regional Water Quality Control Board.

7217 State Permits / Fees

This account records the cost of District permits as mandated by the Regional Water Quality Control Board.

7247 Water Conservation Program

This account records the cost of a Water Conservation Program for the Zone. FY 05-06 represents the eighth year of the program in the ALW Zone.

7250 Reimbursable Projects

This account records any expenses that are expected to be covered by reimbursement. No funds are requested for FY 05-06.

7320 Utilities

This account records the cost of payments made for utilities such as gas, electricity, and water. Our recent cost experience indicates higher power costs may be incurred during the forthcoming year.

Character Title: **Other Charges**

Character No.: **682104-75**

7980 Depreciation

Generally Accepted Accounting Principles require that depreciation be expensed each year.

Character Title: **Fixed Assets**

Character No.: **682104-85**

8510 Buildings / Improvements

No funds are requested for FY 05-06.

Character Title: **Other Financing Uses**

Character No.: **682104-86**

8625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the Operations Fund to the Bond Fund for payment of the principal and interest. For FY 05-06 the Operations Fund will be transferring the full amount to the Bond Fund.

Character Title: **Appropriations for Contingencies**

Character No.: **682104-90**

9000 Appropriations for Contingencies

This account provides funding for unanticipated expenditures or revenue shortfalls.

FY 2005-06 BUDGET

STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Section: Sanitation Zone - Airport / Larkfield / Wikiup - Operations
Index No.: 682104

DESCRIPTION OF FUND ACTIVITY	Actual FY 03-04	Estimated FY 04-05	Requested FY 05-06
Undesignated/Unreserved <u>BEGINNING</u> Fund Balance Available for Budgeting (See Detailed Components Below)	\$539,547	\$681,770	\$487,004
Annual Revenues and Expenditures:			
Revenues - Increase fund balance	1,220,236	1,299,996	1,298,079
Expenditures - (Decrease) fund balance	(1,919,095)	(2,400,381)	(2,471,728)
Net Surplus or Deficit - Increase/(Decrease) to fund balance	(698,859)	(1,100,385)	(1,173,649)
Adjustments to Reserves/Encumbrances:			
7980 - Depreciation	867,057	871,000	875,000
Net Change in Encumbrance	(25,975)	-	-
Post Audit Adjustment - Revenue	-	-	-
PY Encumbrances	-	34,619	-
PY Adjustment - Receivable	-	-	-
Net Adjustment - Increase/(Decrease) to Fund Balance	841,082	905,619	875,000
Undesignated/Unreserved <u>ENDING</u> Fund Balance Available for Budgeting	\$681,770	\$487,004	\$188,355
Total Increase/(Decrease) in Fund Balance for Fiscal Year (Difference between Beginning and Ending Balance)	\$142,223	(\$194,766)	(\$298,649)

Fund Balance Components at Beginning of FY

7/1/03

7/1/04

FY 2005-06 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SANITATION ZONE - A.L.W. - BONDS
Section/Index No: 682203

Sub-Object No. and Title	Adopted 2004-05	Requested 2005-06	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
1700 Interest on Pooled Cash	\$63	\$88	\$25	38.89%
Subtotal Use of Money	\$63	\$88	\$25	38.89%
<u>OTHER FINANCING SOURCES</u>				
4625 OT -W/in Special Dist - BOS	\$569,283	\$474,308	(\$94,975)	(16.68%)
Subtotal Other Financing Sources	\$569,283	\$474,308	(\$94,975)	(16.68%)
TOTAL REVENUES	\$569,346	\$474,396	(\$94,951)	(16.68%)
EXPENDITURES:				
<u>SERVICES AND SUPPLIES</u>				
6635 Fiscal Agent Fees	\$4,275	\$4,446	\$171	4.00%
6640 Debt Issuance	7,066	7,350	284	4.02%
Subtotal Services and Supplies	\$11,341	\$11,796	\$455	4.01%
<u>OTHER CHARGES</u>				
7920 Interest	\$319,283	\$314,308	(\$4,975)	(1.56%)
7923 Discount/Bonds	1,635	1,635	0	0.00%
Subtotal Other Charges	\$320,918	\$315,943	(\$4,975)	(1.55%)
<u>OTHER FINANCING USES</u>				
8625 OT -W/in Special District - BOS	\$0	\$0	\$0	N/A
Subtotal Other Charges	\$0	\$0	\$0	N/A
<u>ADMINISTRATIVE CONTROL ACCOUNT</u>				
9200 Ent - Principal	\$150,000	\$160,000	\$10,000	6.67%
9209 Ent - Principal Clearing	(150,000)	(160,000)	(10,000)	6.67%
Subtotal Administrative Control	\$0	\$0	\$0	N/A
TOTAL EXPENDITURES	\$332,259	\$327,739	(\$4,520)	(1.36%)
TOTAL NET COST (Expenditures Minus Revenues)	(\$237,087)	(\$146,657)	\$90,431	(38.14%)

FY 2005-06 BUDGET CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation
Section Title: Sanitation Zone - A.L.W. - Bonds

Character Title: Other Financing Sources Character No.: 682203-46

4625 OT - W/in Special Dist - BOS

This account records the transfer of funds from the Operations Fund to cover debt payment.

Character Title: Services and Supplies Character No.: 682203-60

6635 Fiscal Agent Fees

This account records the fee collected by the County Treasurer for acting as the fiscal agent.

6640 Debt Issuance

This account records the cost of obtaining bond funding.

Character Title: Other Charges Character No.: 682203-75

7920 Interest

This account reflects the interest expense on the outstanding revenue bonds. The interest rate is 4%. Payments begin October, 2001 and will continue semi-annually until October, 2026. The request for the forthcoming fiscal year is based on the bond amortization schedule prepared at the time the bonds were sold.

7923 Discount/Bonds

This account records the amount of bond discount applicable.

Character Title: Other Financing Uses Character No.: 682203-86

8625 OT - W/in Special Dist - BOS

This account reflects amounts transferred to the construction fund for expenses incurred for projects eligible for funding from the proceeds of the 2000 Revenue Bond. No funds will be budgeted for FY 05-06.

Character Title: Administrative Control Character No.: 681205-92

9200 Ent - Principal

This account reflects the principal expense for revenue bonds that were issued in FY 00-01 to finance the capital improvements. Payments on the bonds will continue until October, 2026. The request for the forthcoming fiscal year is based on the bond amortization schedule prepared at the time the bonds were sold.

The following reflects the bond principal payment history to date:

Original Amount of the Revenue Bond Issue:	\$6,570,000
Principal Payments through FY 03-04	(555,000)
FY 04-05 Principal Payment:	<u>(150,000)</u>
Outstanding Bond Amount	\$5,865,000

9209 Ent - Principal Clearing

This is the clearing account for sub-object 9200, Ent - Principal.

FY 2005-06 BUDGET

STATEMENT OF SPECIAL FUND ACTIVITY

Department Sonoma County Water Agency - Sanitation
 Section: Sanitation Zone - A.L.W. - Bonds
 Index No.: 682203

DESCRIPTION OF FUND ACTIVITY	Actual FY 03-04	Estimated FY 04-05	Requested FY 05-06
Undesignated/Unreserved <u>BEGINNING</u> Fund Balance			
Available for Budgeting (See Detailed Components Below)	\$171,146	(\$52,511)	\$35,422
Annual Revenues and Expenditures:			
Revenues - Increase fund balance	251,856	571,491	474,396
Expenditures - (Decrease) fund balance	(334,213)	(332,259)	(327,739)
Net Surplus or Deficit - Increase/(Decrease) to fund balance	(82,357)	239,232	146,657
Adjustments to Reserves/Encumbrances:			
6640 Amortization of Debt Issuance Costs	7,066	7,066	7,350
Change in Matured Bonds Payable	(5,000)	(10,000)	-
7923 Discount on Bonds	1,634	1,635	1,635
9220-ENT - Principle	(145,000)	(150,000)	(160,000)
Net Adjustment - Increase/(Decrease) to Fund Balance	(141,300)	(151,299)	(151,015)
Undesignated/Unreserved <u>ENDING</u> Fund Balance			
Available for Budgeting	(\$52,511)	\$35,422	\$31,064
Total Increase/(Decrease) in Fund Balance for Fiscal Year (Difference between Beginning and Ending Balance)	(\$223,657)	\$87,933	(\$4,359)
<u>Fund Balance Components at Beginning of FY</u>	7/1/03	7/1/04	
Cash	\$398,092	\$177,888	
Cash with Trustee	560	603	
Matured Bonds Payable	(145,000)	(150,000)	
Interest Payable	(82,506)	(81,002)	
Total Beginning Fund Balance	\$171,146	(\$52,511)	

FY 2005-06 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SANI ZONE - AIRPORT / LARKFIELD / WIKIUP - CONSTRUCTION
Section/Index No: 682302

Sub-Object No. and Title	Adopted 2004-05	Requested 2005-06	Difference	Percent Change
REVENUES:				
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$12,500	\$3,750	(\$8,750)	(70.00%)
Subtotal Use of Money	\$12,500	\$3,750	(\$8,750)	(70.00%)
<u>OTHER FINANCING SOURCES</u>				
4625 OT - W/in Special Dist - BOS	\$0	\$0	\$0	N/A
Subtotal Other Financing Sources	\$0	\$0	\$0	N/A
TOTAL REVENUES	\$12,500	\$3,750	(\$8,750)	(70.00%)
EXPENDITURES:				
<u>FIXED ASSETS</u>				
8510 Buildings / Improvements	\$10,000	\$44,500	\$34,500	345.00%
9142 Capital Replacement Program	40,000	20,000	(20,000)	(50.00%)
Subtotal Fixed Assets	\$50,000	\$64,500	\$14,500	29.00%
<u>OTHER FINANCING USES</u>				
8625 OT - W/in Special District - BOS	\$234,641	\$0	(\$234,641)	(100.00%)
Subtotal Other Financing Uses	\$234,641	\$0	(\$234,641)	(100.00%)
TOTAL EXPENDITURES	\$284,641	\$64,500	(\$220,141)	(77.34%)
TOTAL NET COST (Expenditures Minus Revenues)	\$272,141	\$60,750	(\$211,391)	77.68%

FY 2005-06 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sanitation Zone - Airport/Larkfield/Wikiup - Construction

Character Title: Use of Money

Character No.: 682302-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the Zone by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

	\$150,000
Projected Interest Rate	<u>2.50%</u>
Projected/Planned Interest on Pooled Cash	\$3,750

Character Title: Other Financing Sources

Character No.: 682302-46

4625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the Bond Fund to the Construction Fund to finance the capital projects. No transfer is planned for FY 05-06.

Character Title: Fixed Assets

Character No.: 682302-85

8510 Buildings / Improvements

This account can be used to provide capacity to new users pursuant to the County General Plan (using connection fee revenue), as well as for treatment plant and reclamation system improvement projects.

9142 Capital Replacement Program

This account reflects funds for repair and replacement of the sewer collection system. Long-term replacement of existing facilities that are worn out and in disrepair will help to bring the facilities up to current sanitation standards and will extend the life of the sanitation infrastructure.

The amount requested for the forthcoming year is for a variety of repairs and replacement of worn out parts as needed.

Character Title: Other Financing Uses

Character No.: 682302-86

8625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the Construction Fund to the Bond Fund for payment. For FY 05-06 the transfer to the Bond Fund will come solely from the Operations Fund.

FY 2005-06 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Section: Sanitation Zone - Airport / Larkfield / Wikiup - Construction
Index No.: 682302

DESCRIPTION OF FUND ACTIVITY	Actual FY 03-04	Estimated FY 04-05	Requested FY 05-06
Undesignated/Unreserved <u>BEGINNING</u> Fund Balance			
Available for Budgeting (See Detailed Components Below)	\$447,801	\$369,027	\$61,070
Annual Revenues and Expenditures:			
Revenues - Increase fund balance	190,615	76,684	3,750
Expenditures - (Decrease) fund balance	(258,889)	(384,641)	(64,500)
Net Surplus or Deficit - Increase/(Decrease) to fund balance	(68,274)	(307,957)	(60,750)
Adjustments to Reserves/Encumbrances:			
Capitalized Interest	(10,500)	-	-
Net Change in Encumbrance	-	-	-
Net Adjustment - Increase/(Decrease) to Fund Balance	(10,500)	-	-
Undesignated/Unreserved <u>ENDING</u> Fund Balance			
Available for Budgeting	\$369,027	\$61,070	\$320
Total Increase/(Decrease) in Fund Balance for Fiscal Year (Difference between Beginning and Ending Balance)	(\$78,774)	(\$307,957)	(\$60,750)

Fund Balance Components at Beginning of FY

	7/1/03	7/1/04
Cash	\$553,350	\$356,707
Other Receivables (Connection Fees)	2,013	12,320
Accounts Payable	(107,562)	-
Contract Retention Payable	-	-
Encumbrances	-	-
Total Beginning Fund Balance	\$447,801	\$369,027